

# **Resources for Homeowners in Process of Foreclosure**

March 3, 2009

## **What should I do as a tenant if I live in a foreclosed property?**

If you are a tenant living in a foreclosed property, you have important rights that you should be aware of. Please visit [www.mass.gov/foreclosure](http://www.mass.gov/foreclosure) to download Tenants' Rights: What Tenants in Foreclosed Properties Need to Know pamphlet. Additional resources include:

Massachusetts Housing Consumer Education Centers –	1-800-224-5124
Massachusetts Bar Association Lawyer Referral Program -	(617) 654-0400
Harvard Legal Aid	(617) 495-4408
Cambridge and Somerville Legal Services	(617) 603-2700

## **What should I do as a homeowner if I am facing foreclosure?**

The first step for homeowners struggling to pay their mortgage is to contact their lender. Some lenders have options available to help borrowers through financially difficult times. For homeowners with adjustable rate mortgages, understanding the terms of their loan is a priority. Borrowers should know when their rates can change, how high their interest rate can get, and what the resulting payment will be.

If homeowners are concerned that they will have trouble making their payments, they should contact their lender's foreclosure prevention department immediately. For cases when a lender will not help or when a homeowner is already late on their mortgage payment(s), the following is a list of foreclosure prevention counseling services, which can assist in identifying reputable lenders and potential financial assistance programs available to assist in foreclosure prevention.

## **The Commonwealth of Massachusetts**

The Commonwealth of Massachusetts has created a central website of foreclosure resources ([www.mass.gov/foreclosure](http://www.mass.gov/foreclosure)) which includes information for homeowners facing foreclosure, as well as information on tenants' rights, foreclosure laws and regulation, new foreclosure legislations, and links to counseling agencies and workshops.

## **Foreclosure Prevention Counseling**

### **City of Cambridge**

The City of Cambridge Community Development Department offers one-on-one counseling and can answer questions for Cambridge individuals and households at risk of foreclosure. The City of Cambridge also offers FTHB classes, credit workshops and counseling, and post-purchase workshops to ensure successful homeownership. Please contact Antonia Finley at 617-349-4643 for more information about programs and services for homeowners and homebuyers.

### **Homeowners Rehab, Inc./Cambridge Neighborhood Apartment Housing Services**

HRI offers counseling and technical assistance to owners of one- to four-unit buildings at risk of foreclosure. Contact Jennifer Jonassaint at (617) 868-4858.

### **Just-A-Start, Corp.**

Just-A-Start offers counseling and technical assistance to owners of one- to four-unit buildings at risk of foreclosure. Contact Alan LaBella or Joe Youngworth at (617) 494-0444.

## **Sustainable Homeownership Center**

The Sustainable Homeownership Center provides homeownership and mortgage counseling and works with lenders to develop strategies to affordably sustain homeownership. Call (800)-224-5124.

## **Financial Assistance Programs**

### **Second Chance Program**

Through their Home Improvement Programs (HIP), Just-A-Start Corporation (JAS) and Homeowner's Rehab (HRI) administer the Second Chance Program, a program supported by Cambridge Savings Bank for individuals who may not qualify for a loan to re-finance their home under normal guidelines.

Applications are accepted at all times. Applicants must have a 1-2 unit owner-occupied residential property in Cambridge and must have income at or below 120% of the area median income (for income guidelines, go to: [http://www.cambridgema.gov/cdd/hsg/hsg\\_inclimits.html](http://www.cambridgema.gov/cdd/hsg/hsg_inclimits.html)).

This program provides loans between \$10,000 and \$250,000. The loan can go towards consolidation of first and second mortgages, credit card debt, medical bills, legal bills or real estate taxes in arrears.

#### *Program Contacts at Just-A-Start:*

Joe Youngworth  
(joeyoungworth@justastart.org)  
Alan LaBella (alanabella@justastart.org)  
617-494-0444

#### *Program Contact at HRI:*

Jennifer Jonassaint  
(jenniferj@homeownersrehab.org)  
617-868-4868

### **MassHousing's Home Saver Program**

MassHousing, Fannie Mae, NeighborWorks America and a coalition of housing counseling agencies have formed a new loan program to help prevent Massachusetts homeowners from losing their homes through foreclosure.

Homeowners interested in this program must demonstrate:

- That they were victimized by unfair or deceptive lending practices
- Are employed with verifiable income, and can afford the new monthly mortgage payment
- Have a minimum credit score of 560 for a single-family home or condominium, 580 for a 2-family home, or 620 for a 3- or 4-family home
- Meet income and loan limit restrictions
  - **Income limits** apply. Loans are for low- and moderate income home owners
  - **Maximum loan limits** are \$417,000 (single-family/condominium); \$533,850 (2-family); \$645,850 (3-family); \$801,950 (4-family)

Contact: Homeownership Prevention Foundation\* – 1-888-995-HOPE 24 hours/day or visit their website at [www/995hope.org/](http://www/995hope.org/).

\*Homeownership Prevention Foundation (HPF) provides free, independent, customized advice to homeowners struggling with their mortgage payments. HPF is the first point of contact for inquiring about funds through the MassHousing Foreclosure Rescue Program. Individuals should have the

following when calling: their monthly income, their monthly living expenses and the number of days that they are behind on their payment.

### **Catholic Charities**

Catholic Charities can assist with up to one month's mortgage payment. Funds are limited per calendar year. Contact Tara Anderson at [tara\\_anderson@ccab.org](mailto:tara_anderson@ccab.org).

### **Massachusetts Division of Banks**

Homeowners feeling that they have been the victim of wrongful lending practices, contact the Division of Banks at 1-800-495-2265 ext. 1501.

## **Other Resources**

### **The Federal Reserve Bank of Boston**

In an effort to assist homeowners facing foreclosure, the Federal Reserve Bank of Boston has developed a new brochure, *You May Be Paying Too Much For Your Mortgage*, and a website [www.theinformedhomebuyer.org](http://www.theinformedhomebuyer.org).

The brochure is designed to help homeowners consider important questions and evaluate other mortgage products, such as FHA loans, that could lower their monthly mortgage payments. The website is a helpful information center homeowners can use to learn about foreclosure education resources, foreclosure prevention counseling and collaborations such as the Mortgage Relief Fund that could help some homeowners refinance into affordable fixed-rate mortgages.

### **MERS FOR HOMEOWNERS**

MERS for Homeowners, [www.mersinc.org/homeowners/](http://www.mersinc.org/homeowners/) is an online resource designed to help homeowners identify the mortgage company handling their mortgage loan. This section of the MERS website is specifically designed to help consumers identify the mortgage company that handles their mortgage loan through two vehicles: the web-based [www.mers-servicerid.org/sis/ERS@ Servicer ID](http://www.mers-servicerid.org/sis/ERS@ServicerID) and the phone-based MERS Servicer Identification System (888-679-6377). In addition, the site provides information about the responsibilities of the mortgage company that services mortgage loans and what homeowners should know about the servicing process.

Before calling the Servicer Identification System or accessing MERS® Servicer ID online, homeowners must have the following information ready: the mortgage loan's Mortgage Identification Number (MIN); or the borrower's name and social security number; or the property address.

### **IRS – Tax Forgiveness on Debt Relief for Homeowners**

Homeowners whose mortgage debt is partly or entirely forgiven through a modification or foreclosure in 2007, 2008 or 2009, can exclude the forgiven amount from their taxable income (previously, it was treated as taxable income). The exclusion only applies to debt secured by the owner's residence; debt on rental properties does not qualify. In the case of refinancing loans, the exclusion is limited to the amount of the old mortgage principle just before the refinancing. The IRS has created a new form (Form 982) that taxpayers must file to claim this relief. Because the law was only enacted recently, it is not included in current tax preparation software. Details and the form are available online at [www.irs.gov/irs/article/0,,id=179073,00.html](http://www.irs.gov/irs/article/0,,id=179073,00.html).

**Website(s) with more information:**

Freddie Mac's Don't Borrow Trouble –  
<http://www.dontborrowtrouble.com/>

**Legal Resources**

**Pro Bono Foreclosure Assistance Hotline**

Individuals facing foreclosure may benefit from qualified legal counsel to represent them in foreclosure proceedings. The Attorney General's Office, in partnership with several bar associations, legal services organizations and advocacy groups, announced the establishment of a Pro Bono Foreclosure Assistance Hotline. Low-income Massachusetts residents who are facing foreclosure may call (800) 342-5297 or (617) 603-1700 and leave a message in the foreclosure assistance mail box. Income limits apply.

**Cambridge and Somerville Legal Services**

Cambridge and Somerville Legal Services offers legal assistance to individuals and families who are homeless or at risk of becoming homeless and groups that represent tenants in substandard housing and the homeless.